

Statistics of Income: 75 Years of Service

By Bettye Jamerson and Robert A. Wilson*

The year 1988 marks the 75th anniversary of the ratification of the Sixteenth Amendment to the Constitution in 1913 and the subsequent enactment by Congress of the Nation's first modern income tax law [1]. Three years later, Congress passed the Revenue Act of 1916, which included a provision requiring the annual preparation of statistics with respect to the operation of the tax law. This provision, with practically no change, has been repeated in each major rewrite of the tax law since then.

The first Statistics of Income (SOI) report, based on income tax returns filed by individuals and corporations for Calendar Year 1916, was released in 1918 [2]. The initial volume also contained some information for 1913-1915, as well, which was secured from earlier Annual Reports of the Commissioner of Internal Revenue [3]. Thus, the data published in SOI cover the entire period of the modern income tax.

In commemoration of these 75 years, it is appropriate to contrast the early years with more recent times. Exhibit A of this article provides what is essentially a reprint of a paper written in 1933 by Dr. Edward White, who directed the SOI program from its inception for almost 30 years. White's comments, written for his employees in an era long past, provide a snapshot of SOI as it was then, its users and uses. Much has changed since, yet much of White's description still applies, notwithstanding the many innovations that have taken place in technology, statistical methodology, as well as in SOI and Government statistics generally and the uses made of them [4].

In the very beginning, SOI reports were almost entirely used for tax research and for estimating revenue, especially by officials in the Office of the Secretary of the Treasury. Today, tax analysts in the Office of the Secretary and in the Congressional Joint Committee on Taxation, continue to be the main users of SOI, although they now rely primarily on microdata rather than just aggregate tabulations. Since the 1930's, the third major user of SOI has been what is now called the Bureau of Economic Analysis in the Department of Commerce. It relies on tax return data extensively for the National Income and Product Accounts [5]. Of course, there are many other users in Government, universities, and the private sector. There are also literally thousands of special requests each year from the general public.

Compared to the single SOI reports for years through 1933 which contained annual data mostly for individual and

corporation returns, later years witnessed increases in both the volume of statistics and in the types of returns covered in response to user needs [6]. At first, this meant separate reports on individuals and corporations. This was followed by a number of other SOI reports and supplements, particularly during the 1960's and 1970's. A contributing factor was the increasing tendency for new provisions of the tax law to require separate reports to Congress by the Department of the Treasury, which first required new SOI data. Frequently, SOI supplements resulted as a by-product. The topics requiring special statistics included individuals with high income, capital gains taxation, international boycott participation, taxation of corporate income from U.S. possessions, income of citizens working abroad, and the operations of Domestic International Sales Corporations [7-12].

While the advent of the computer has certainly increased the amount of SOI data produced over the years (and the speed with which they can be prepared), in many respects these increases have only served to whet the appetite of data users. Not only are more global totals now needed by size or by industry or some other taxpayer characteristic, but information about the computations underlying these totals is also required so the user can better understand the totals. This has necessitated more sophisticated (and usually more costly) statistics from tax return schedules in support of the tax return totals.

The advent of the 1980's has seen a continuation of the demand for more data. A new catalyst has been the recently-enacted Tax Reform Act of 1986. As the first major overhaul of the U.S. tax system since 1954, it is expected to impact heavily on the SOI program, with new kinds of user requirements anticipated in order to evaluate the new provisions.

Needless to say, statistical budgets can never keep pace with user requests and the SOI budget is no exception. In recent years, in particular, reduced budgets for statistics have led to major reassessments of the SOI program. New technologies and methodologies have come to the rescue to a certain extent. The institution of user-funding on a wider scale has helped, too, since it forces users to be more discriminating in defining requirements. However, the computer (which facilitated the proliferation of statistics in the first place) may also be part of the solution, not only in the new processing efficiencies it offers, but also in the increased number of computers of all sizes now at the disposal of data analysts. With personal computers, for

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example, many of the new demands on SOI are likely to be for more special purpose, public-use microdata files that users can manipulate on their own and from which they can produce tabulations geared to their specific needs; in other words, SOI expects to be moving away from an increase in published statistics [13]. Nothing is free, however, for with this new role comes an added responsibility—the need to improve methods to safeguard identification of individual taxpayers [14].

All of these factors are already reflected in an SOI program which is increasingly characterized by fewer, more streamlined, publications than in the recent past. The *SOI Bulletin* (which was first published during 1981) is an example of this streamlining process, containing as it does preliminary data, data on unincorporated businesses, and data from special studies. All of these were formerly published in considerably more detail in separate SOI reports in the areas of sole proprietorships, partnerships, estates and personal wealth, sales of capital assets, and foreign income and taxes, among others. Most recently, in 1987, the SOI Bulletin Selected Statistical Series tables, containing historical tax return statistics, were produced in a new mode, a diskette.

Exhibit B, which outlines the SOI projects now underway, is evidence that SOI and the topics it now encompasses, continue to grow. This growth, though, cannot be successful unless it takes into consideration the needs of its customers. Therefore, as the kinds and numbers of users increase along with advancing technology, the Statistics of Income Division hopes to continue its tradition of being responsive to user needs. One way in which this can be done is through the User Survey, which appears in the back of each *SOI Bulletin*. Each *Bulletin* reader is encouraged to use this vehicle, as well as personal contact with the staff people, such as those listed in Exhibit B. Results from the User Surveys and a summary of letters received from our readers, will appear in a future issue of the "SOI Bulletin Board," a new column introduced starting with the Winter 1987–1988 *Bulletin*.

These 75 years have seen many changes and many more are anticipated in the years to come. It is with optimism and enthusiasm that SOI looks forward to the years ahead.

NOTES AND REFERENCES

[1] The Nation's first income tax law was enacted in 1862, during the Civil War. However, it was repealed in 1872. The 1894 revival of the income tax was declared unconstitutional in 1895 by the Supreme Court. An excise tax on the income of corporations was in effect from 1909 until 1913.

[2] U.S. Department of Treasury, Bureau of Internal

Revenue, *Statistics of Income Compiled from the Tax Returns for 1916*.

[3] U.S. Department of Treasury, Bureau of Internal Revenue, *Annual Reports of the Commissioner of Internal Revenue*, Fiscal Years 1914–1916.

[4] For a good overall reference, see Duncan, Joseph W. and Shelton, William C., *Revolution in United States Government Statistics, 1926–1976*, Office of Federal Statistical Policy and Standards, U.S. Department of Commerce, 1978.

[5] See, for example, *Corporate Profits: Profits Before Tax, Profits Tax Liability, and Dividends*, Methodology Paper Series MP-2, Bureau of Economic Analysis, U.S. Department of Commerce, May 1985.

[6] For some of these earlier years, the single SOI report also included data from other returns, e.g., partnerships and estates, as well.

[7] See, for example, Lerman, Allen H., "High-Income Tax Returns, 1984," *Statistics of Income Bulletin*, Spring 1987, Volume 6, Number 4.

[8] Clark, Bobby and Paris, David, "Sales of Capital Assets, 1981 and 1982," *Statistics of Income Bulletin*, Winter 1985–86, Volume 5, Number 3, and U.S. Department of Treasury, Office of Tax Analysis, *Capital Gains Tax Reductions of 1978*, September 1985.

[9] See, for example, Mose, Vergie, "Report on International Boycotts, 1976–1982: A Focus on the Middle East," *Statistics of Income Bulletin*, Summer 1985, Volume 5, Number 1, and U.S. Department of Treasury, Office of Tax Analysis, *The Operation and Effect of the International Boycott Provisions of the Internal Revenue Code*, annual report.

[10] See, for example, Szefflinski, Kenneth, "U.S. Possessions Corporation Tax Credit, 1980," *Statistics of Income Bulletin*, Spring 1983, Volume 2, Number 4, and U.S. Department of the Treasury, Office of Tax Analysis, *The Operation and Effect of the Possessions Corporation System of Taxation*, annual report.

[11] See, for example, Paris, David, "Foreign Income and Taxes Reported on U.S. Individual Tax Returns, 1983: An Overview," *Statistics of Income Bulletin*, Summer 1987, Volume 7, Number 1.

[12] See, for example, Hartzok, Jeffrey, "Domestic International Sales Corporation Returns, 1980," *Statistics of Income Bulletin*, Fall 1983, Volume 3, Number 2, pp. 9–24, and U.S. Department of Treasury, Office of Tax

Analysis, *The Operation and Effect of the Domestic International Sales Corporation Legislation*, annual report.

- [13] Public use tape files, consisting of detailed information taken from a stratified sample of actual individual tax returns, are available for purchase from the Statistics of Income Division for 1978-1985. Earlier files are available for purchase from the Machine Readable Branch (NNSR) of the National Archives and Records Service,

Washington, DC 20408.

- [14] Strudler, Michael, Oh, H. Lock, and Scheuren, Fritz, "Protection of Taxpayer Confidentiality With Respect to the Tax Model," 1986 *American Statistical Association Proceedings, Section on Survey Research Methods*, and Wilson, Oliver H. and Smith, William J., Jr., "Access to Tax Records for Statistical Purposes," 1983 *Proceedings of the American Statistical Association, Section on Survey Research Methods*.

EXHIBIT A.—Descriptive Synopsis of Economic Data Compiled from Federal Income Tax Returns of Individuals and Corporations and Federal Estate Tax Returns and of the History, Scope and Functions of the Statistical Section

By Edward White*

Members of the Statistical Section:

In the belief that it is the desire of each of you to better comprehend the purposes of the Statistical Section and to visualize the various steps leading to the compilation and publication or otherwise presentation of the statistical reports emanating from this Section, there is attached a descriptive synopsis outlining to some extent its history, the purpose of its creation, the value of its compilations and the importance attached to the work in which each of you is taking part, whether it be coding, transcribing, card punching, tabulating or compiling and analyzing the data.

In the knowledge that the data compiled by this Section are of real and far-reaching value in connection with the economic problems of our government, I am sure that you will read the "Descriptive Synopsis" with the greatest interest and that it will give you a better conception of the value of each step of the work and your connection with it.

EDWARD WHITE,
Chief, Statistical Section.

February 1, 1933.

DESCRIPTIVE SYNOPSIS

Statistical Section, Income Tax Unit

Authority, Origin, Purpose, Scope, and Nature and Value of Compilations

Authority

To the Congress, framing the Revenue Act of 1916, it became apparent that accurate information regarding the distribution of income in the United States was necessary. Accordingly, there was incorporated in that act a provision (Section 21) requiring the preparation of statistics with respect to the operation of the income tax law, statistics covering classification of taxpayers and of income, the

amounts allowed as deductions and exemptions, and any other facts deemed pertinent and valuable.

Due to the subsequent enactment of the war profits and excess profits tax provisions, the Revenue Act of 1918 broadened the foregoing requirement relative to the collection of statistics so as to also include data concerning the operation of these provisions. By all succeeding acts the Commissioner is required to collect and make available data from the income, war profits and excess profits tax returns in the same manner as set forth above.

Origin of Statistics of Income

In accordance with the above referred to provision of the law, there was compiled from the income tax returns filed by individuals and corporations for the calendar year 1916, the first volume of "Statistics of Income."

Following this volume, there have been issued successively both Preliminary and Complete Reports of "Statistics of Income," compiled from the returns filed for each year.

Prior to 1916 the income tax was of minor importance as a source of Federal revenue. Its relative importance with respect to total ordinary receipts of the Federal Government which are comprised principally of customs, income and war profits tax, miscellaneous internal revenue tax, sales of public lands and other miscellaneous receipts, is shown in the following summary of income tax collections covering the years 1910 to 1932, inclusive:

Income and Profits Tax Collections, 1910 to 1932, Inclusive, Showing the Revenue Acts, Years Comprising the Collections, Total Income and Profits Tax Collections, and Per Cent of Income Tax to Total Ordinary Receipts

Revenue Acts	Years in which tax was collected (Fiscal year ended June 30)	Income and profits tax collections	Per cent of income to total ordinary receipts
Corporation Excise Tax of 1909	1910 to 1913	\$ 118,058,362	4.25%
Revenue Act of 1913	1914 to 1916	276,520,287	12.48
Revenue Act of 1916 (amended Mar. 3, 1917, and Oct. 3, 1917) and Act of 1917	1917 to 1918	2,673,687,520	55.83
Revenue Act of 1918	1919 to 1921	10,169,779,133	58.21
Revenue Act of 1921	1922 to 1924	5,588,880,039	46.08
Revenue Act of 1924	1925	1,760,537,824	46.57
Revenue Acts of 1926 and 1928	1926 to 1932	14,040,414,394	54.45

*Edward White was the Chief, Statistical Section, Income Tax Unit, Clearing Division of the Bureau of Internal Revenue, from 1918 until 1946.

Purpose Underlying the Collection of Statistics from Income Tax Returns

The obvious reasons which compel an individual or a corporation to maintain accounting records showing sources and amount of income and nature and amount of expenditures are identical with those which compel the Federal Government to compile a composite statement of the income and expenditures of all its citizens and corporations upon whom it depends for close to half of all its revenue. To an individual or corporation, the single source from which an individual or corporation derives half of its income is subject to the most careful analysis because changes affecting it could prove more serious than total loss of any one of the many single sources which compose the other half of total revenue. Similarly, the Federal Government must keep close watch upon the composition of its aggregate of income tax returns.

Specifically, these reasons are:

1. To provide Congress with an analytical statement of that portion of the nation's income as disclosed on income tax returns on which its policies with respect to tax levies on income are determined.
2. To provide the President and the Secretary of the Treasury with basic data upon which recommendations to Congress as to income tax legislation are based.
3. To provide the Secretary of the Treasury with basic data concerning income distribution in the United States which serves as an important factor in the formula used in arriving at the official Treasury estimates of anticipated revenue.
4. To provide the Commissioner of Internal Revenue with certain basic data as to the average gross sales, average net income, etc., of industrial groups as a means of administering the tax law in those cases where taxpayer's records are inadequate.

The foregoing reasons imply a more concrete and definite purpose for the assembly of economic and financial data than is customarily imputed to collection of data in the usual statistical sense. In the first place, the figures are more nearly absolute than merely representative, they are rigidly coordinated as between the millions of highly technical schedules (income tax returns), rather than merely tallied from uniform schedules, and they stand alone in their field without the benefit of the usual checks for accuracy that exist from a knowledge of other closely related data. In the second place, the compilations are not utilized solely by the students of social sciences in arriving at valuable conclusions not heretofore reached but also serve as a positive base upon which definite action is taken by the Department and Congress.

Further statements as to purpose for which financial data from income tax returns are collected follow:

"Its (the Statistical Section) objective is primarily twofold; First, that of compiling statistics from the returns of net income as required by Congress, and Second, the preparation of special compilations and other research data from the returns of net income for use in the administration of the law.

"It will be seen from the above that its functions are not to indulge in ethical speculation, abstract theories, or personal philosophies, but its economic service is that of providing Congress with concrete information as to classes of taxpayers, sources of income or nature of business pursuits; or preparing special compilations for use in the administration of the Income Tax Laws, or perhaps through its publications, 'Statistics of Income,' giving to the public information of value, not only in the study of the economic conditions of the country, but likewise facts and figures upon which and through which the business statistician and business administrator may chart comparisons of productions and gauge the potential absorption power by geographical divisions."[1]

"These statistical reports have inaugurated an epoch in income statistics. Never before had the economist, the statistician, or the business executive either a contemporaneous or historical presentation of the financial status of the civil organization of a nation so vital, so valuable, or so helpful in determining the distribution of incomes, the rise and fall of profits or the purchasing power of communities. Nor had the legislator prior to this time comprehensive data by which to gauge either the tax productivity of proposed legislation or the economic reaction to such legislation."[2]

Scope of Data Collected and Utilized

Fundamentally, interest attaches only to sources of income, deductions against income, net income, and a statement of assets and liabilities in which changes have an effect upon income.

The statutory definition of gross income is as follows:

" 'Gross income' includes gains, profits, and income derived from salaries, wages, or compensation for personal service, of whatever kind and in whatever form paid, or from professions, vocations, trades, businesses, commerce, or sales, or dealings in property, whether real or personal, growing out of the ownership or use of or interest in such property; also from interest, rent, dividends, securities, or the transaction of any business carried on for gain or profit, or gains or profits and income derived from any source whatever."[3]

The statutory definition of deductions against gross income is as follows:

"All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity." [4]

The statutory definition of net income means the excess of the gross income as defined by Section 22(a), over the deductions as defined by Section 23(a). [5]

"Economic theory and accounting practice have long been in utter disagreement as to what constitutes 'net income'. The courts, which had the opportunity to arbitrate between the opposing concepts of the economist and the accountant, have avoided the issue by declaring that the use of the term 'in common speech' is sufficient for purposes of law. (*Eisner v. Macomber*, 252 U.S. (1920) 189; *Merchants Loan and Trust Co. v. Smietanka*, 255 U.S. (1921) 509.) Congress and the state legislatures have wisely given more consideration to the accountants' concept of net income than to the economists' view.

"The accountants' concept of personal net income may be defined as the monetary or material receipts of an individual in the course of a period of time, say a year, in excess of the monetary or material costs of obtaining those receipts." [6]

From the foregoing, it will be observed that the income tax blank furnished the taxpayer, both individual and corporate, upon which is to be reported the net result of all his manifold transactions involving financial gain or loss must be sufficiently comprehensive to provide a space for the entry of the net results of all transactions which affect the correct determination of statutory net income and final tax liability.

It is from this type of return from which the tabulations are made and since only minor items on the return are not tabulated separately it may be stated that the data collected are a comprehensive tabulation of the net result of all financial transactions affecting the incomes and deficits of all corporations and of all individuals required to file returns.

The classification of the data tabulated is made with a view towards providing an analytical statement of the data

upon which the effects of contemplated action by Congress with respect to the taxation of income in its entirety or of any of its forms may be intelligently estimated. A summary of the classifications follows:

"The data compiled from the individual income tax returns include such important matters as the number of returns filed and the net income shown upon these returns, classified by sex, family relationship, and geographically; the income from business classified by industrial groups; the income from specific sources, such as salaries, business, etc., classified by size; and the interest and principal shown for total and partially tax-exempt obligations of the Federal Government, United States possessions, and obligations of States and Territories and political subdivisions thereof, as reported on the income tax returns filed by individuals and corporations.

"In addition data are compiled in regard to deductions from income and income exemptions and credits, classified by size of net income and geographically. And, of course, information is gathered in regard to tax liability.

"Data compiled from the corporation income tax returns include receipts and disbursements of corporations filing income tax returns, and the assets and liabilities of a large number of these corporations classified by industrial groups. Information is presented in regard to such important matters as the number of returns filed, the gross income, the net income or deficit, and the tax liability shown on these returns, classified by size of net income or deficit, by industrial groups and by geographical areas. In addition, data are tabulated separately for those corporations which file fiscal year returns for periods ending other than at the end of a calendar year." [7]

Value of Data Compiled (Commercial Viewpoint)

The test of the value lies in the practical utilization of the data compiled and its practical use is evidenced by concrete examples constantly exhibited. Among the many coming to the attention of the office, a few will be cited as illustrative of the use which the data constantly serve.

1. In a report recently released by Moody's Investors Service, entitled "A Nation Wide Survey of Public Utility Progress," prepared for the reason that, as it states "The place of the public utility business in the industrial life of the American people is here pictured through a long series of totals which have been especially selected to answer the questions most frequently arising in the minds of investors," there is contained the following reference:

"The above tables are designed to replace similar previous compilations, the publication of which in this Manual was discontinued two years ago. Instead of being based on a distant official estimate, such as the Census of Manufactures for 1919, and brought up to date with the help of data on new security issues, they are now for the most part official figures, at least up to 1929, inclusive. The sources for the tabulation of corporate debt and capital are the Statistics of Income, published by the Treasury Department and the data are based on the balance sheets of about 400,000 corporations reporting to the United States Treasury." [8]

Moreover, in a letter dated August 19, 1932, from Moody's Investors Service to the Commissioner of Internal Revenue, the following comment is observed:

"In the 'Statistics of Income' your Bureau compiles very valuable statistics showing total assets and liabilities of corporations. This organization is particularly interested in the total of bonded debts and mortgages outstanding and we have been using your figures in response to a very keen interest in this subject on the part of investors."

2. A study of W.L. Crum, Editor, *Review of Economic Statistics*, entitled "Corporate Earning Power," contains the following foreword:

"Individual and group studies undertaken in universities and elsewhere are gradually assembling data which enable the executive to compare his operations with some form which the studies develop. Bureaus of business research and others who make studies of business publish from time to time, analyses of enterprise . . . This study deals with a subject that has interest for all business men, and, unlike those occupied with sample concerns, employs data for all corporations which report income to the United States Government."

and in the preface to the volume contains the following:

"The following chapters constitute a first report of the findings of an analytical examination into the corporation statistics regularly published by the United States Treasury in its annual compilation, 'Statistics of Income'." [9]

3. Perhaps no greater general economic interest lies in any forecasts than that of business income and profits. The results of experimental studies along these lines having for their basis the financial and economic data compiled from income tax returns of corporations are contained in the October 1929 issue of the *Journal of Business* of the University of Chicago. As illustrative of the part played by the income statistics and the nature of their analyses, the following quotation will serve:

"Much economic interest has been attached to the statistics of income and profits since the annual publications of the Bureau of Internal Revenue appeared, at about the same time of our entrance into the World War. In recent years Friday, Foster and Catchings, Hastings, Crum, Sloan and many others have made interesting contributions on the subject of profits, both descriptive and theoretical in their consideration. All of the large corporations that have their stocks listed on the New York Stock Exchange are required to report their earnings annually, and these annual, and also many quarterly, statements of earnings are now published. In number, however, these few large corporations that publish their statements form an extremely small proportion of all corporations in the United States. The total earnings of these large and, for the most part, successful corporations, now tabulated by various organizations, are not similar enough to the totals of the 450,000-odd corporations reporting income to the Federal government to be used as a basis of estimating total annual profits of all corporations before the official figures finally become available. Thus, in addition to the statistical interest in existing relationships and variations between income, profits, and business, there is the interest in and need of some means of approximating current total business income and profits of the entire country." [10]

An extremely important point respecting value of the corporate data compiled from income tax returns is brought out in the foregoing quotation which relates to the fact that at the present time corporate income and disbursement data are only fragmentary in the case of all sources with the exception of the Bureau of Internal Revenue. A notable example of the incomplete state of the data is illustrated by the figures showing amount of cash dividends paid by corporations. Outside of the Bureau of Internal Revenue, one of the most widely used sources for this particular item is the *New York Journal of Commerce*, which figures are reprinted in the official publications entitled "Survey of Current Business" and "Statistical Abstract of the United States."

A summary comparison of the figures from that source, with those compiled from income tax returns, follows:

Years	Cash dividends ¹ Statistics of Income	New York Journal of Commerce ²
1930.....	8.2	4.2
1929.....	8.3	3.4
1928.....	7.0	2.3
1927.....	6.4	2.1
1926.....	5.9	1.1
1925.....	5.1	1.0
1924.....	4.3	1.0
1923.....	4.1	.9
1922.....	3.4	.9

¹ All figures in billions and tenths of billions of dollars.

² Statistical Abstract of the United States, p. 291.

4. As to the value of data respecting the distribution of income among individuals, perhaps the most important

commercial use lies in the determination of purchasing power throughout the country. Foremost among those using these data for this purpose which come to the attention of the office is the Curtis Publishing Company [11].

The income tax figures constitute an important element in the formula used by that company in classifying the potential purchasing power of the communities throughout the United States. Many other formulas are in use by other agencies which include these data as an element.

Chief among these others is a study entitled "Selling Your Market," prepared by the *Quality Group* (*The Atlantic Monthly*, *The Century*, *Harper's Magazine*, *The Review of Reviews*, *Scribner's Magazine*). In connection with their use of the figures, the following comment is observed:

"While it seems evident from an analysis of incomes that a large part of the surplus income in the United States is in the Quality Market, it is always interesting to have evidence in substantiation, which in this case is strikingly given by the latest Federal Income Tax returns available." [12]

Likewise, the data are used officially by the Department of Commerce as evidenced in its tri-monthly publication entitled "Domestic Commerce," which states:

"Final figures on the income tax returns for the year 1930 and a preliminary report covering income tax returns for the year 1931 which were filed prior to August 31, 1932, were released a few days ago by the Bureau of Internal Revenue. The increases in numbers of returns referred to in the item above on this page and shown in the map on the following page are significant as market indicators..." [13]

5. A general statement in the *Economic World* sums up in a brief way the value of the figures relating to individuals in the following manner:

"... it is also true that in the long run public thinking about matters of the greatest consequence is much affected by these statistics, as their meaning from various standpoints is gradually elucidated by those who are called upon to deal theoretically or practically with the national economy in its different aspects. It goes without saying, for instance, that in the domain of taxation, whether National, State or local, the information supplied by the income tax figures is invaluable and virtually indispensable now that we have it. Apart from this directly practical use of the figures, however, they are of the greatest assistance in arriving at sound conclusions with regard to the economic situation of the American people in successive years and successive periods of years. Conjoined with the statistics of industrial and agricultural

production from year to year, with such statistics as we have for the volume of the country's domestic and international trade, with the available figures for the accumulation of wealth through savings, life insurance and other forms of thrift, and with the estimates now regularly made at frequent intervals by competent authorities of the total national income and the total national wealth, the income tax statistics enable us to form a reasonably accurate picture of the true economic state of the country. It may be added that they also throw much light upon such matters as the stability of the general price level for commodities and services of all kinds, the adequacy of the remuneration and profits of the various classes of persons engaged in production and distribution in all their forms, the general prosperity (or the reverse) of industry and trade at any given time, and a long series of other similar matters of economic importance." [14]

Value of Data Compiled (Governmental Viewpoint)

1. An income tax law, framed without regard to the amount and distribution of income and estimates as to tax such a law might produce would, no doubt, miss the mark by far of the end intended to accomplish. Fortunately, a fair idea of the amount of the several forms of income, as well as its distribution among the several net income classes is made available by the Statistical Section, and the framers of the laws and official estimates take the data into very serious consideration. As to the official estimates, a series of articles appearing in the *Review of Economic Statistics* explains in detail the method of estimating revenue on the basis of data tabulated from the income tax returns of both individuals and corporations [15]. It is true, as is pointed out in those articles, that many adjustments of the data are necessary to fit the peculiar problem at hand but nevertheless the data as tabulated form the basis from which the work is performed. The fact that such adjustments are necessary is not serious so long as the data tabulated from year to year are comparable. It is, of course, the effort of the Section at all times to keep the figures comparable as between the several years.

2. As to legislation, much evidence is found of the practical use of income statistics by the committees of both houses of Congress charged with handling tax legislation.

A few illustrations will be of interest.

(a) Senate Resolution 253 directed the Secretary of the Treasury to furnish the Senate with the following information:

"First, Any and all facts, figures, data, or information now in possession of the Treasury Department relative to profiteering which would in any way enable Congress to

deal with the matter either through the present proposed revenue legislation or through enactment of more effective criminal statutes. That such report shall contain a list of all corporations with the amount of their earnings which have earned in excess of fifteen per centum on their capital stock, as shown by their returns to the Internal Revenue Bureau for the calendar year nineteen hundred and seventeen, accompanied by such statement as will show net earnings of the same corporation for the calendar year nineteen hundred and sixteen."

"Corporate Earnings and Government Revenues" (388 pages) embodies the response to this resolution. This document contains statistical data compiled from 31,500 income and excess-profits tax returns of corporations.

(b) Senate Resolution 115 requested the Secretary of the Treasury to furnish information regarding the excess-profits taxes of corporations based upon the business of 1921 and for which returns or assessments were made during the year 1922 as follows:

"For each serial number of corporations as indicated on pages 58 to 65, inclusive, Table 9, 'Statistics of income from returns of net income for 1921,' as compiled and published under the direction of the Commissioner of Internal Revenue.

"(a) The number of corporations in each serial number reporting income subject to taxation under the first bracket of the revenue act of 1921, together with the amount of net earnings subject to such tax and the amount of tax assessed thereon.

"(b) The number of corporations in each serial number reporting income subject to taxation under the second bracket of said act, together with the amount of net earnings subject to such tax and the amount of tax assessed thereon."

The reply to this resolution is contained in Senate Document No. 67 (82 pages).

(c) Senate Resolution 110 directed the Secretary of the Treasury to furnish information relative to profit, surplus and dividends of corporations reporting net taxable income of \$2,000 and over in 1922. The reply to this resolution is contained in Senate Document No. 85 (132 pages).

(d) Senate Resolution 99 directed the Secretary of the Treasury

"... to furnish to the Senate a statement based on corporation income tax returns covering the year 1924, showing for each corporation engaged in the mining of

anthracite coal, the amount of capital stock, the amount of invested capital, the amount of net income, the amount charged to depletion and depreciation accounts, and the amount of Federal tax paid by each such corporation."

The reply to this resolution is contained in Senate Document No. 48, (10 pages).

(e) The utilization of data compiled from income tax returns is especially noted in the case of the Joint Congressional Committee on Internal Revenue Taxation and its staff which determines the effect of certain tax proposals upon revenue. The two following illustrations will suffice:

1. In letter dated March 23, 1931, to Hon. Willis C. Hawley, Chairman, Joint Committee on Internal Revenue Taxation, Mr. Parker, Chief of Staff, discusses the importance of certain tax proposals and closes his letter with the following recommendations:

"It is recommended in view of the importance of this subject that the Treasury Department be requested to give us a preliminary tabulation of the facts set forth in the chart attached for the 1930 returns by November 15, 1931. This will enable the committee to discuss this matter in the light of the true facts."

By letter of March 23, 1931, addressed to Hon. Ogden L. Mills, Mr. Hawley concurred in Mr. Parker's recommendation and further states:

"... you will appreciate the fact that if the Committee is to discuss this subject intelligently it will be necessary to have the facts for 1930 on account of the unusual economic conditions obtaining in that year."

2. Another evidence of the use by the Joint Congressional Committee of income statistics is found in an interesting report entitled "Preliminary Report on Earned Income." All the statistical tables reprinted in this report and on which the report was based had as their source the "Statistics of Income" series.

(f) Illustrations of use made of income statistics by other branches of the Government are as follows:

The Federal Trade Commission in response to Senate Resolution 451 of the 67th Congress concerning an estimate of National Wealth and Income relied considerably upon the figures tabulated from income and estate tax returns [16].

The Department of Commerce is at this time compiling an estimate of national income in response to Senate Resolution 220 of the 72nd Congress which reads as follows:

"Resolved, that the Secretary of Commerce is requested to report to the Senate of United States on or before December 15, 1933, estimates of the total national income of the United States for each of the calendar years 1929, 1930, and 1931, including estimates of the portions of the national income originating from agriculture, manufacturing, mining, transportation, and other gainful industries and occupations, and estimates of the distribution of the national income in the form of wages, rents, royalties, dividends, profits, and other types of payments. These estimates shall be prepared by the Bureau of Foreign and Domestic Commerce, and the Bureau shall use available official and unofficial statistics and such relevant data as may be in the possession of the various departments, bureaus, and independent establishments of the Federal Government."

Pursuant to the authority contained in the resolution, the Department of Commerce has requested the assistance of the Statistical Section. In fact, much work has already been performed.

The Timber Conservative Board which was appointed by the President on November 12, 1930, to seek the development of sound and workable progress of private and public effort, with a view to securing and maintaining an economic balance between production and consumption of forest products and to formulate and advance a deliberate plan of forest conservation, made the following comment in a letter to Hon. David Burnet, Commissioner of Internal Revenue, dated December 19, 1931:

"The information and statistical tables furnished this Board by the Statistical Section of the Income Tax Unit have been exceedingly helpful in determining the trend of taxation in relation to the Forest Products Industries . . . Except for the comprehensive and efficient manner in which these data were assembled, segregated, distributed, and kept by your Statistical Section, it would have been very difficult, if not impossible, for the Board to have secured this essential information from any other source. It has enabled the Board to compile a complete financial set-up for the Timber Industry for each of the States and regions involved."

The United States Coal Commission in its final report, Part IV, page 2,516 contains the following:

"The tables of invested capital and net income of bituminous coal mining companies as shown by their Federal Income Tax returns, given in Part IV, were prepared by Mr. Edward White, Head of the Statistical Division, Income Tax Unit of the Bureau of Internal Revenue, with the courteous permission of the Secretary of the Treasury."

Use Made of Income Statistics by the States

1. In many of the states in which consideration has been given to enactment of state income tax laws, the Statistical Section has furnished data for use in framing the tax laws. The requests have been varied and numerous. Typical of these requests is the following from the State of Kansas, State Tax Code Commission:

"At our request you furnished us a few months ago with some very valuable data relative to the number of returns, taxable income, etc., on banks, both state and national, in Kansas, and like information of other financial institutions, loan companies, mortgage companies, etc.

"The Tax Code Commission now has under consideration in order to work out the complications arising over the national banks tax situation, a franchise tax for all corporations based upon income.

"In the consideration of this proposal, we need all information available relative to other corporations. You have furnished the same to us for the financial groups and if we could get like information from all other corporations, excluding the financial group, similar to the analysis which you furnished us recently on the financial group, same will be of great benefit to this commission.

"The information desired is as follows for all corporations except the financial group:

1. Total number of all returns.
2. Of those reporting net income
 - (a) Number of returns
 - (b) Statutory net income
 - (c) Tax-exempt income
 - (1) Dividends on capital stock of domestic corporations.
 - (2) Interest on Federal, state and municipal bonds.
 - (d) Total net income
 - (e) Taxes paid other than income tax
 - (f) Amount of income tax
3. Of those reporting no net income.
 - (a) Number of returns
 - (b) Statutory deficit
 - (c) Tax-exempt income.
 - (1) Dividends on capital stock of domestic corporations.
 - (2) Interest on tax-exempt securities.
 - (d) Deficit plus tax-exempt income
 - (e) Taxes paid other than income tax."

2. Moreover, in the annual and special reports of state and tax commissions much evidence is found of the value of income statistics as compiled from the Federal income

tax returns. One citation of this will illustrate the point. In the report of the State Tax Commission of North Carolina for 1930, the following appears:

"In planning the study, the Tax Commission had the advice and criticism of Mr. Edward White, Chief, Statistical Section, Income Tax Unit of the Bureau of Internal Revenue. While this report does not follow the style or contents of the annual report 'Statistics of Income from Returns of Net Income' of the United States Bureau of Internal Revenue, its general conception and set-up were based upon a careful examination of that report; and the study undertakes to present such similar statistical information as would be most valuable in a critical evaluation of the North Carolina State Income Tax." [17]

Probable Future Value of the Income Statistics

"At the close of first session of the Seventy-second Congress, the Committee on Ways and Means authorized and directed the appointment of a special subcommittee for the purpose of making a study of Federal and State taxation with particular reference to the duplications which occur through overlapping authority." [18]

Pursuant to this authorization, there was prepared recently a preliminary report by the staff of the Joint Committee on Internal Revenue Taxation and transmitted with the following letter, dated December 28, 1932, addressed to Hon. Fred M. Vinson by Mr. L. H. Parker, Chief of the Joint Committee's staff:

"My dear Mr. Chairman: At the direction of Hon. James W. Collier, Chairman of the Joint Committee on Internal Revenue Taxation, there is submitted herewith a 'Preliminary Report on Federal and State Taxation, and duplications therein'. This report has been prepared at your request and it is hoped that it may be of sufficient value to form a basis for the future work of your committee.

"At the completion of some months of study of our taxation system as a whole, it is our opinion that very substantial improvements can be made therein, through cooperation between the Federal Government and the States. The tax burden is great and the public are fully conscious of this burden in these times of stress. A more equitable distribution of the burden and its ultimate reduction through a judicious curtailment in expenditures would doubtless not only be welcomed by the public but would also have a most beneficial effect on business." [19]

In the report accompanying the letter, a very prominent place is assigned to the importance and discussion of the income tax principle as a means of raising revenue and the

need for a review of the whole income tax structure with thought in mind of more practical and scientific application in the future.

Pertinent statements indicating the need for and the probability of future serious consideration of the income tax as a source of Governmental revenue are quoted from the report:

"Our income tax law is decidedly complex in spite of many efforts in the direction of simplification. The complexity comes about in a great measure by a very proper solicitude on the part of Congress in the direction of equity." [20]

"A desirable and comprehensive plan for making our taxing system as a whole more equitable, more productive, and less complicated, can only be arrived at by sincere cooperation between our Government officials, our legislators, our economists and the public." [21]

". . . income taxes on individuals constitute one of our most satisfactory forms of taxation. With a proper scale of graduated rates, they stand in the fore of all of our taxes based on the principle of ability to pay. They are open to two serious defects; first, the revenue derived is subject to severe fluctuation between times of depression and times of prosperity; second, when designed with a strict view to equity, the income tax statutes are cumbersome, complicated and a source of litigation and controversy. These taxes deserve study to minimize the defects noted.

". . . the same general remarks made in connection with income taxes on individuals hold in the case of income taxes on corporations. The corporation income tax has, however, one added defect, namely, no satisfactory system of applying the graduated rate principle to the net income of corporations has, as yet, been devised. This problem is difficult but deserves consideration." [22]

And under "Questions which should be discussed and solved," the following is quoted:

"A review of our tax system as a whole suggests at once many issues which should be discussed. As stated before, we shall not discuss these issues here, but shall merely mention those which would seem to merit attention. For instance, the following questions may well be considered:

"First, which taxes are most adaptable for the use of the Federal government and which taxes are most adaptable for the use of the State governments?

"Second, what taxes may be properly imposed by both State and Federal Governments without serious objection from the standpoint of equity?

"Third, what means should be adopted to set forth model tax system for the whole country?

"Fourth, what means can be adopted to bring into practical operation a model system of taxation?"[23]

Public hearings are being held February 3, 1933 "for the purpose of obtaining the views of public officials, legislators, economists, and the interested public on methods and means of improving our tax system as a whole."

It is obvious from the above quotations from the report which already has depended to a large extent upon income statistics for certain of the facts brought to light, that as this study progresses much emphasis will be placed upon the data tabulated from income tax returns and Federal estate tax returns in finding a solution to the problem of building a model tax system, and such statistics will serve an ever increasing need in helping Congress and the state legislatures in adjusting that tax system so as to maintain the income tax in its proper relationship to all other forms of taxes and to the ever changing economic conditions of the people.

Outline of the Major Administrative Organizations of the Statistical Section and Principal Functions of each Administrative Unit

Office of Chief of Section

Directs the preparation of the annually published report, "Statistics of Income," containing fiscal and other economic data compiled from income and estate tax returns, and conducts special income and tax studies for legislative and administrative purposes.

Coding and Transcribing Subsection

Classifies income and estate tax returns for statistical segregation by code designations and prepares card transcripts of the data reported on certain income and estate tax returns selected on the basis of economic importance.

Card Punch, Verifying and Tabulation Subsection

Records on tabulation cards, by means of card punch machines, data reported on income and estate tax returns; also, certain administrative records of tax deficiencies and overassessments. Verifies the punched data to insure accuracy. Tabulates the punched cards by geographic and economic groups, and maintains current file of tabulation cards.

Research and Compilation Subsection

Prepares compilations from the data tabulated from the punched cards for publication in "Statistics of Income" and for other forms of presentation. Selects for special studies, data shown on income and estate tax returns. Prepares comparative data on incomes, deductions and tax to aid in the investigation and audit of returns of taxpayers having inadequate bookkeeping records. Comptometerizes tabulations and compilations. Maintains file of card transcripts of certain income tax returns of individuals beginning with 1914 and corporations with 1917 for historical income and tax studies.

NOTES AND REFERENCES

- [1] Excerpt from address of Edward White before the Monday Lunch Club of Washington, D.C., January 31, 1921.
- [2] Excerpt from address of Edward White before the American Association of University Instructors in Accounting, *The Accounting Review*, Volume III, Number 1, pp. 14-17.
- [3] Section 22(a), Revenue Act of 1928.
- [4] Section 23(a), Revenue Act of 1928.
- [5] Section 21, Revenue Act of 1928.
- [6] Shultz, W.J. "American Public Finance and Taxation," p. 540.
- [7] David Burnet, "United States Daily," February 26, 1931.
- [8] Moody's Public Utility Manual, 1932, p. xxii.
- [9] W.L. Crum, "Corporate Earning Power," p. xi.
- [10] *The Journal of Business* of the University of Chicago, Oct. 1929, pp. 345-346.
- [11] "Sales Opportunities," Curtis Publishing Company, 1932, 1933, p. 3.
- [12] "Selling Your Market," The Quality Group, p. 8.
- [13] "Domestic Commerce," U.S. Department of Commerce, January 10, 1933, p. 9.
- [14] Arthur Richmond Marsh, "The Economic World," June 20, 1925, p. 867.
- [15] "Income Forecasting by the Use of Statistics of In-

come Data," by J. Franklin Ebersole, Susan S. Burr, George M. Peterson, in *Review of Economic Statistics*, November 1929, p. 171; February 1930, p. 39; and May 1930, p. 59.

House of Representatives, from Hon. Fred M. Vinson, Chairman, Subcommittee on Double Taxation.

[16] "National Wealth and Income," a report by the Federal Trade Commission, 1926.

[19] "Double Taxation," Preliminary Report of Subcommittee of the Committee on Ways and Means, p. vii.

[17] Report of the Tax Commission of North Carolina, p. 442.

[20] *Ibid*, p. 76.

[21] *Ibid*, p. 238

[18] Letter dated December 29, 1932, to Hon. James W. Collier, Chairman, Committee on Ways and Means,

[22] *Ibid*, pp. 239-240.

[23] *Ibid*, pp. 241-242.

Statistics of Income: 75 Years of Service

EXHIBIT B.—CORPORATION STATISTICS BRANCH
PROJECTS AND PRIMARY CONTACTS

Project	Primary Contacts Area Code (202)	Frequency and Program Content
Corporation Income Tax Returns: 1985 Program 1986 Program 1987 Program	Tim Wheeler Victor Rehula David Jordan (376-0102)	The basic SOI program data are produced annually and covers complete income statement, balance sheet, tax and tax credits, distributions to stockholders, and detail from supporting schedules.
Corporation Tax Adjustment Study (CORTAX)	Nick Greenia (376-0124)	This is a periodic study which examines the effect of corporate tax adjustment transactions (primarily those due to carrybacks of unused net operating losses and tax credits) on the tax liabilities of previous tax years. The first such effort is approaching completion for Tax Years 1978-1983, but because of the dynamic nature of the process and the length of statutory time periods affecting adjustment transactions, subsequent studies are expected to reveal more changes to these as well as future years.
Partnership Returns of Income	Alan Zempel (376-0761)	The basic SOI program data are produced annually and cover income statement, balance sheet, and detail from supporting schedules.
Secretary's Percentage Study	Joe Middough (376-0761)	This study is conducted annually and includes data for computation of the percentage used in determining income tax liability of foreign life insurance companies with operations in the United States.
Employment Tax Return Studies: Unincorporated Businesses Corporations	Charles Day (376-0761)	This is a periodic study based on availability of outside funding and includes the addition of payroll and employment data to SOI files of corporations, partnerships and sole proprietorships based on linkages with employment tax returns, Forms 941 and 943. Last completed study was for Tax Year 1979.
Partnership Schedule K/K-1 Study	Tom Petska (376-0761)	This is a periodic study based on the availability of outside funding. It is an examination of the recognized "gap" between income reported by the partnership and income reported by the partner through a linkage of Schedules K and K-1 (used to report partnership distributions) to the Form 1065 partnership return. Study of 1983 is completed.
Tax Shelter Registration Study	Tom Petska (376-0761)	This is a planned study which will include the development of a file of Forms 8264, Application for Registration of a Tax Shelter, which will eventually be matched to partnership return data for analysis of "tax shelter" characteristics.
Statistical Subscription Series:		Annual detailed industry data and other information for sale.
Corporation Source Book	Sandy Byberg (376-0102)	
Partnership Source Book	Gail Moglen (376-0761)	

**EXHIBIT B.—FOREIGN STATISTICS BRANCH (DOMESTIC STUDIES)
PROJECTS AND PRIMARY CONTACTS**

Project	Primary Contacts Area Code (202)	Frequency and Program Content
Private Foundations	Peggy Riley Jan Grimes (376-0199)	This study is conducted annually and includes information on net worth and various data from the balance sheet and income statement. A compendium of previously published SOI articles on tax-exempt organizations will be published in the fall of 1988. Other research papers and previously unpublished articles and tables will also be included.
Nonprofit Charitable Organizations	Cecelia Hilgert Jan Grimes (376-0199)	This study is conducted annually and includes information on net worth and various data from the balance sheet and income statement for only those organizations classified as tax exempt under subsection 501(c)(3) of the Internal Revenue Code. The groups covered are religious, educational, scientific, and literary (excluding private foundations) organizations. However, for Tax Year 1988, the study will be expanded to include all section 501(c) organizations.
Charitable and Split-Interest Trusts	Mike Alexander (376-0199)	This is a periodic study planned for every 3 years. The next study is planned for Tax Year 1989 and will include primarily balance sheet and income statement information.
Exempt Organizations Business Income Tax Returns	Ed Chung (376-0199)	This study is to be conducted annually. The first study is for Tax Year 1987 to be published in 1989 and will include tabulations of unrelated business income and deductions. The data file will also be linked with the data files of tax-exempt organizations.
Private Foundation Grant Administrative Expenses Study	Ed Chung (376-0199)	This is a one-time study mandated by Congress in the Tax Reform Act of 1984 to assess the impact of current rules governing the treatment of grant administrative expenses.
Farmers' Cooperatives	John Kozielec (376-0199)	This is a periodic study to be done every 3 years. The next Farmers' Cooperative Study is planned for 1989. The last complete study was for Tax Year 1977. Results from this study will be published in the Exempt Organization Compendium in the fall of 1988.
Estate Tax Returns	Marvin Schwartz Barry Johnson (376-0199)	This study is conducted annually and includes information on gross estate and its composition, deductions, and tax. Also included is information on the age, sex, and marital status of the decedents. Basic estate tax return data by year in which returns are filed are produced every year. Other statistics are available on a year-of-death basis (approximately every 3 years).
Personal Wealth Study	Marvin Schwartz Janet McCubbin (376-0199)	This study is periodic, providing estimates of personal wealth that are generated based on estate tax return data using the "estate multiplier" technique, in conjunction with both the filing year and year-of-death estate data bases. The most recent data available are based on returns filed in 1983. A compendium of previously-published SOI articles on wealth and wealth-related studies will be published in the fall of 1989. Other research papers and previously unpublished articles and tables will also be included.

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EXHIBIT B.—FOREIGN STATISTICS BRANCH (DOMESTIC STUDIES) (Continued)
PROJECTS AND PRIMARY CONTACTS

Project	Primary Contacts Area Code (202)	Frequency and Program Content
Estate Collation Study	Marvin Schwartz Janet McCubbin (376-0199)	This study is periodic. It links estate data for decedents and beneficiaries. Income information for beneficiaries is available both for years preceding and following the decedent's death. Information on gift tax returns is available for the last 2 years of the decedent's life. The most recent study is based on decedents who died in 1982. The next study is planned for decedents who died in 1989.
Intergenerational Wealth Study	Marvin Schwartz Janet McCubbin (376-0199)	This is a one-time study which involves estate returns filed since the inception of the estate tax (1916), and focuses on the changes in the concentration of wealth and the intergenerational transfer of wealth, as well as on the history of the estate tax system. The asset composition, available demographic information, and an analysis of beneficiaries of the estates will be emphasized.
Fiduciary Income Tax Returns	John Kozielec (376-0199)	Conducted periodically, the next full-scale fiduciary study will be done in conjunction with the 1989 estate study and will cover data on income, deductions, and taxes for 1989. The last complete study was for Tax Year 1982.
Gift Tax Returns	John Kozielec (376-0199)	This study is periodic, covering data on the types of gifts, deductions, and taxes. The last complete study was for 1965. The next study will be done in conjunction with the 1989 estate study.
Crude Oil Windfall Profit Tax Study	Rashida Belal Ed Chung (376-0199)	This study is produced annually and provides information on the number of barrels of oil, removal value, adjusted base value, and tax by type and oil "tier" for the first purchaser of the oil. Limited data on total windfall profit before and after adjustments are published quarterly. More detailed information is published annually.
Environmental Excise Tax (Superfund) Study	Rashida Belal (376-0199)	The Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) authorized the collection of environmental taxes, a type of excise tax. This study, published annually, is the only source of data that provides detailed tabulations by type of chemical. CERCLA has been replaced by the Superfund Amendments and Reauthorization Act of 1986 (SARA).
Tax-Exempt Private Activity Bonds Study	Ed Chung (376-0199)	This study is produced annually and provides information on industrial development bonds, student loan bonds and qualified mortgage bonds by industry, type of property financed, size of face amount, and State. Starting in 1987, obtaining information on public purpose bonds will be obtained.

**EXHIBIT B.—FOREIGN STATISTICS BRANCH (FOREIGN STUDIES)
PROJECTS AND PRIMARY CONTACTS**

Project	Primary Contacts, Area Code (202)	Frequency and Program Content
Corporation Foreign Tax Credit Study: 1984 Program 1986 Program	Vergie Mose Bill States (376-0177)	This is a periodic study planned for every 2 years and provides data on foreign income and taxes paid, and foreign tax credit shown on corporation income tax returns. Data are classified by industry and country.
Foreign Corporations Study: 1984 Program 1986 Program	Jeff Hartzok Maggie Lewis (376-0177)	This is a periodic study planned for every 2 years and provides data on activities of corporations which are controlled by U.S. corporations. Data are classified by industry and country.
U.S. Possessions Corporations Study	Mary Barlow (376-0177)	This is a periodic study planned for every 2 years and provides data on income statement, balance sheet, tax and possessions tax credit data for "qualifying" U.S. possessions corporations. (Most of these corporations are located in Puerto Rico.)
International Boycott Participation Study	Art Gianelos (376-0177)	This study is conducted annually and provides data on business operations of U.S. persons in boycotting countries, as well as the requests and agreements to participate in, or cooperate with, international boycotts not sanctioned by the U.S. Government.
Nonresident Alien Income and Tax Withheld Study	Maggie Lewis (376-0177)	This study is conducted annually and provides data on U.S. income paid to nonresident aliens and the amount of tax withheld for the U.S. Government.
Interest Charge Domestic International Sales Corporations (IC-DISC) Returns: 1985 Program 1986 Program	Bill States Chris Carson (376-0177)	These corporations replaced the Domestic International Sales Corporation, or DISC, as of January 1, 1985. Balance sheet, income statement, export-related data will be tabulated annually.
Foreign Sales Corporations (FSC) Returns: 1985 Program 1986 Program	Chris Carson (376-0177)	These corporations replaced the Domestic International Sales Corporation, or DISC, as of January 1, 1985. Balance sheet, income statement, export-related data will be tabulated annually.
Foreign Trusts Study	Jim Hobbs (376-0177)	This is a periodic study conducted every 4 years which provides data on foreign trusts that have U.S. persons as grantors, transferors, or beneficiaries. Data include country where trust was created, value of transfer to the trusts, and when trust was created.
Nonresident Alien Estates Study	DeWitt Long (376-0177)	This is a periodic study planned for every 4 years which provides data on estates of nonresident aliens who have more than \$60,000 of assets in the United States. The estates are subject to U.S. estate taxation on the U.S. property.
Sales of U.S. Real Property Interests by Foreign Persons Study	Chris Carson (376-0177)	This study is conducted annually and provides data on transfers of U.S. real property interests, when these interests are acquired from foreign persons. Data will include amount realized on the transfer, amount of U.S. tax withheld, and country of foreign person.

Statistics of Income: 75 Years of Service

EXHIBIT B.—INDIVIDUAL STATISTICS BRANCH
PROJECTS AND PRIMARY CONTACTS

Project	Primary Contacts Area Code (202)	Frequency and Program Content
Individual Income Tax Returns: 1986 Program 1987 Program	Ray Wolfe Charles Hicks (376-0083)	Basic SOI program data are produced annually and cover income, deductions, credits, and taxes reported on individual income tax returns and associated schedules.
Sole Proprietorships: 1986 Program 1987 Program	Ray Wolfe (376-0083)	Basic SOI program data are produced annually and cover the same data provided in the Individual SOI program plus detailed data on business receipts, deductions, and net income reported by sole proprietors on Schedule C. Similar data from Schedule F (for farmers) are available every 5 years.
Americans Living Aboard Studies	Dan Holik (376-0083)	This is a periodic study to be done every 4 years. The basic SOI program covers the same data provided in the Individual SOI program. Includes foreign income and taxes paid, and foreign credit shown on individual tax returns. Data are classified by adjusted gross (AGI) and country.
Sales of Capital Assets Studies 1985 Program 1985-89 Panel Study	Dan Holik John Labate (376-0083)	<p>This is a periodic study to be done every 4 years. The basic SOI program covers the same data provided in the Individual SOI program plus detailed data focused on the sales of capital assets reported on Schedule D, plus sales of residences, sales of personal or business depreciable property, and the computation of installment sale income reported on other return schedules.</p> <p>The panel study provides the same data on capital asset transactions for a subsample of the returns in the sales of capital assets basic study; however, data for these taxpayers are obtained over a 5-year period.</p>
Taxpayer Usage Study	Michael Weber (376-0081)	The basic SOI program data are produced annually and provide frequencies of specific line entries made by taxpayers, the use of various return schedules and associated forms, as well as general characteristics of the individual taxpayer population. Weekly reports are produced during the primary filing season (January through April).
Tax Model	Michael Strudler (376-0081)	Microdata magnetic tape files are produced annually containing detailed information obtained from the Individual SOI program with identifiable taxpayer information omitted to make the file available for public dissemination. In addition to microdata files, specific tabulations are produced on a reimbursable basis.
Small-Area Data	Bob O'Keefe Bobby Clark (376-0104)	This is a periodic study based on availability of outside funding. It includes the development of a program to provide selected tax return information obtained from the IRS Master File system at the county level. In addition, the program provides migration flow data at the county and State levels.

EXHIBIT B.—INDIVIDUAL STATISTICS BRANCH (Continued)
PROJECTS AND PRIMARY CONTACTS

Project	Primary Contacts Area Code (202)	Frequency and Program Content
Sole Proprietorship Historical Source Book	Dodie Riley (376-0104)	A tape file of basic SOI program data is produced annually and covers the same data provided in the Sole Proprietorship SOI program, including amount of business receipts, depreciation deduction, taxes paid deduction, interest paid deduction, payroll, and net income (less deficit) since 1957, by year and by industry. A printed copy is published every 5 years.
Occupation Studies	Bobby Clark (376-0104)	This is a periodic study based on availability of outside funding. It is a series of studies designed to classify individual income tax returns by occupation and to develop a dictionary of occupation titles that can be used to enhance the economic data of many other studies.
W-2 Study	Barry Windheim (376-0104)	This is a periodic study done every 2 years based on data from matched Forms W-2 and tax returns. It shows separate data on the salaries and wages of primary and secondary taxpayers filing joint returns. For Tax Year 1979, taxpayers are further classified by sex, whereas the study for 1983 classified taxpayers by age.